



DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

700 GOVERNORS DRIVE

PIERRE, SD 57501-2291

PHONE: 605-773-3495

FAX: 605-773-5246

WEB: dss.sd.gov

February 25, 2008

Re: National Drug Code (NDC) Billing Requirement for Drug-Related HCPCS
J-Codes

Dear South Dakota Medicaid Provider:

To comply with Centers for Medicare and Medicaid (CMS) requirements related to the Deficit Reduction Act (DRA) of 2005, a change involving drugs administered in an outpatient hospital or other outpatient setting were due to become effective January 1, 2008.

The rules mandate all state Medicaid agencies require providers who use a drug-related Healthcare Common Procedure Coding System (HCPCS) J-code when billing prescription drug products to include the relevant NDC of the drug dispensed. This requirement applies to electronic and paper claims submissions. The quantity of each NDC submitted and the unit of measurement qualifier is also required.

The NDC is a unique numerical code for a drug assigned by the pharmaceutical manufacturer within guidelines set by the Federal Government. The code is printed on each medication package and identifies the specific drug, strength, dosage form, manufacturer, and package size.

The South Dakota Department of Social Services, Division of Medical Services, requested a one year extension from CMS for implementation of this requirement. This extension would have allowed greater time for provider input and education. CMS recently informed us the requirement will become effective July 1, 2008 for outpatient hospitals. Please inform the appropriate nursing and billing staff within your facility of these requirements.

For electronic claims (X12) enter the NDC number in Loop 2410 LIN_03, unit quantity in Loop 2410 CTP_04, and the NDC units in Loop 2410 CTP_05:1. The qualifiers for the NDC units are: F2 = International Units, GR = Grams, ML = milliliter and, UN = units.

For the CMS 1500 paper claim; on line 24 enter the qualifier N4 NDC (National Drug Codes) in the shaded line. This should be the 11 digit NDC code with no hyphens or spaces within the number. The qualifiers for the NDC units are: F2 = International Unit, GR = Gram, ML = Milliliter and UN = Unit. Enter 3 blank spaces between the first N4 qualifier code and the unit quantity with qualifier code.

For the UB04 paper claim, place the NDC code in box 44 on the line with the appropriate revenue code. The revenue codes will be 025x or 063x. Enter quantity units in box 46 with possible qualifier codes DA = days, F2 = International Units, UN = Unit, GR = Gram, ML = Milliliter. For additional information please refer to the Medical Services provider information website at: <http://dss.sd.gov/medicalservices/providerinfo/> or you may also call our Telephone Service Unit at 1-800-452-7961 if you have additional questions.